

# THE DOUGLAS VISION

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A Plan for Prosperity

By Jim Douglas

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## THE VISION

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I AM THE SON of a hardware salesman and a public school teacher. My parents taught me the value of honest work and service to the community. I know the challenges facing working Vermonters, and I know that our children — my children — are leaving Vermont in search of work. No Vermonter should have to leave our state to chase hope and opportunity.

My vision for the future of Vermont is one where every child who wants to can fulfill their highest potential right here, where they can enjoy our extraordinary way of life *and* have a good job.

My vision is rooted in optimism and in the belief that when Vermonters work together, there is no challenge we can not meet. Vermonters have never been afraid to cut a new path when the old roads lead us astray.

And today in Vermont, it is becoming increasingly clear that the policies of the past are not the solutions of the future.

The transition to the 21<sup>st</sup> Century has been a difficult one for Vermont. For too many of our citizens, high hopes have turned to deep concerns and the bright promise of a new century has been dimmed by anxiety about the future.

Jobs are fleeing our state, and our children are following right behind. Over 13,000 Vermonters are out of work, with over 7,000 job losses coming in just the past 18 months. Manufacturing is at a 33-year low and Vermont has lost every job that was created over the past decade.

Wages in our state are suffering as well. Vermonters are earning only a fraction of the U.S. average. In every year since 1990, the average Vermonter lost ground compared to the average American. In 1990, Vermonters made 87 percent of the national average. But by 2000, that number was down to only 81 percent — the lowest in at least two decades.

Vermont's workers have been let down and state government has failed to meet the challenge of the 21<sup>st</sup> Century. We need a new vision in Montpelier that will restore

hope and ignite the spirit of Vermont in the cause of change. We need a governor who will make new and better paying jobs his number one priority.

As your next governor, I will lead Vermont on a new course of economic vitality. My economic strategy is to invest in people — in their education, in their skills and in their entrepreneurial spirit. My strategy is to invest for the future.

The focus of my strategy will be to:

- **Transition Vermont's economy into the 21<sup>st</sup> Century** by recruiting high-paying, high-skill, high-tech jobs that will not harm our environment;
- **Improve Vermont's job climate** by reforming the permit process and providing incentives for job creation;
- **Insist on fiscal responsibility**, balanced budgets and controlled spending;
- **Support the working poor** by helping them escape poverty by gaining assets;
- **Invest in key Vermont industries** like agriculture and tourism;
- **Improve Vermont's infrastructure** so we can attract and retain 21<sup>st</sup> Century jobs that require good highways, a strong communications network and broadband Internet access;
- **Lower health care costs** so individuals can afford the care they need and so employers can provide benefits to their workers at a reasonable cost;
- **Improve education and workforce training** so Vermonters have the skills they need to compete in a changing economy.

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No Vermonter should have to leave our state to chase hope and opportunity.

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We need a steady hand at the helm of state government, and my vision for Vermont's economic future is not one of quick fixes or government gimmicks. My strategy is one of careful consideration, common sense planning and prioritizing, and a new role for government that puts power back in the hands of people.

Our economy does not exist in a vacuum. Any economic development strategy for Vermont must be comprehensive and coordinated, and long-term. This situation was not created overnight, and it will not be solved overnight. But we can make a difference immediately.

**In the first 100 days of my administration I will:**

- ✓ Send to the General Assembly legislation that will **reform the permit process** to make it more effective, more efficient and less costly without sacrificing **environmental protection**;
- ✓ **Convene a Jobs Cabinet** made up of high level government officials and representatives of business and labor that will be charged with identifying ways to pro-

mote job growth in Vermont.

- ✓ **Submit a balanced budget** that **does not increase spending** by more than the rate of inflation plus population growth and **does not increase taxes**;
- ✓ **Appoint department and agency heads** who share my belief in a government that serves its citizens and works as an ally, not an adversary;
- ✓ Initiate a **reorganization and revitalization of the Agency of Commerce and Community Development** to ensure it is responsive to the economic development needs of the state;
- ✓ **Engage the business community** with personal meetings with Vermont's 100 largest employers and representatives of the small business community;
- ✓ Direct government managers to identify and **implement the newest cost saving technologies** and **move forms and services online**.

We need to remember that the government is the servant of the people and the best government is one that empowers people. The government does not create jobs, but it can encourage economic growth by fostering an environment that welcomes job creation, bolsters business, promotes commerce and serves people.

This strategy focuses on steps we must take to bring Vermont's economy into the 21<sup>st</sup> Century and create good jobs for Vermonters, especially our children. There are many other issues of great importance to our state that the next governor must also address. But the best anti-poverty program, the best health insurance plan, the best social welfare policy is a good job, and therefore, jobs must be paramount.

A comprehensive economic development program like the one I have introduced is required of any candidate for governor who claims to want to change the way government does business. This is a plan of substance and it is a plan for prosperity that puts people first.

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## JOB CREATION

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THE MOST PRESSING issue facing Vermont is the need for more and better paying jobs for the working men and women of Vermont. Every week we hear about a plant closing, employee layoffs, or a business that has decided to move out of Vermont and take jobs with it. More and more Vermont families are left wondering how to make ends meet, and the promise of a brighter tomorrow is clouded with uncertainty. Our children are leaving Vermont in search of a better future in a different state. No Vermonter should have his or her potential limited by the lack of a good job.

While the national economy slowly recovers, regional economists predict that Vermont's recession will linger. But working Vermonters don't need economists to tell them that times are tough. Vermont has lost over 7,000 private sector jobs since January 2001 and more than 13,000 Vermonters are currently unemployed. Vermont's exports dropped by 31% in 2001, the steepest decline on record. Manufacturing is at a 33-year low as Vermont has lost every job that was created over the past decade.

According to the Small Business Survival Committee, Vermont is ranked 42<sup>nd</sup> in the nation on our overall policy environment for entrepreneurship, and the Progressive Policy Institute shows us losing ground in the new economy, dropping 10 spots in just three years. PPI ranks us dead last in Digital Government.

We didn't get into this economic slump overnight, and getting out of it will not be easy. But working together we can, and will!

For Vermonters to have good jobs and a steady paycheck, we need a healthy economy and a business climate that encourages job creation. We need a stable environment in which the rules are clear and the costs of doing business are reasonable. Vermont's quality of life and reputation as an environmentally responsible state make us a desirable place to live and work. We can promote smart land use, protect our environment and have more job growth. Strong measures are needed to stem the flow of jobs leaving the state, improve Vermont's economy, and restore confidence in Vermont's future.

My administration will be dedicated to turning Vermont's economy around and pre-

paring us for future challenges. While every chapter of this program has the ultimate goal of creating more and better paying jobs, this section outlines specific initiatives that relate most directly to job creation and retention.

#### GUIDING PRINCIPLES

- ❖ I will recruit for my administration individuals who share my belief in a government that serves its citizens and works as an ally not an adversary; who view public service not as just a job, but as a duty and a mission.
- ❖ State government must be more responsive, more efficient, more accommodating and more accountable.
- ❖ I will charge my administration with renewing the state's commitment to economic development efforts through a reorganized Agency of Commerce and Community Development, while working with partners throughout the state, both in business and in labor.
- ❖ I will have an open line of communication with Vermont's employers so not one job is lost because Vermont was inattentive to their concerns.

#### POLICY COMPONENTS

- **Reform The Permit Process.** In the first 100 days of my administration, I will submit legislation to reform the permit process. One of the **quickest ways to put Vermonters back to work** is to allow businesses to grow responsibly within a permitting process that is fair, predictable, expedient, and cost-conscious. For more specific details on permitting changes, see the chapter on "Permit Reform."
- **Reorganize And Revitalize The Agency Of Commerce And Community Development.** With the responsibility to address the needs of the business community within state government, the Agency of Commerce and Community Development must be focused on retaining and recruiting business in Vermont. To meet this charge, the agency must be reorganized to reflect the changing marketplace. I propose the following changes:
  1. **Allies, not adversaries.** I will introduce a customer service model to the Agency where government serves the people and businesses are treated like customers, not adversaries. When businesses interact with the Agency, they will be assigned a *service representative* to act as a guide, facilitator, and advocate. The representative will help the businesses through the maze of red tape across state government.
  2. **Listen to the people.** The Agency will facilitate small business advocacy forums in each region to create an inventory of small businesses' needs including governmental assistance. In order to serve businesses and workers better, the Agency needs to have its finger on the pulse of what businesses are thinking and doing.

3. **Know the competition.** The Agency will institutionalize competitive scanning of programs in other (especially nearby) states to identify Vermont's opportunities and weaknesses relative to those states.
  4. **Recognize trends.** The Agency will engage in ongoing national and international research to stay ahead of the curve and at the planning table as businesses continue to evolve.
  5. **ABCs: Always Be Closing.** The Agency will create and maintain solid working relationships with national corporate location consulting firms. We need to aggressively court the consultants advising the Fortune 1000 firms and sell them on the many virtues of doing business in Vermont, so the consultants can, in turn, "sell" their clients and close the deal.
- **Campaign To Retain.** I will direct the Agency of Commerce and Community Development to engage in a *Campaign to Retain*, an active effort to **retain existing Vermont business and encourage job growth** by developing networks for marketing and purchasing while creating links to other businesses for service and collaborative action. To jumpstart the *Campaign to Retain*, I will personally contact each of the CEOs of our top 100 employers and begin reversing the perception that Vermont is an unfriendly place for business. As Governor, I will personally chair regular meetings with business leaders from every community and at every level — from the top manufacturers to the mid-range software firms to mom-and-pop stores. The *Campaign* will also continue the development of business incubators linking them with support services and capital resources. Model projects for this concept include the Exit 4 Incubator project designed to assist new small high-tech firms and the High-Technology Incubator Facility at the University of Vermont intended to facilitate maximum benefit from UVM's research and development.
  - **Jobs Cabinet.** In the first 100 days of my administration, I will convene a Jobs Cabinet — a consortium of high-level government officials and representatives of business and labor — to work collaboratively to meet the needs of job generators, and **remove roadblocks to job growth**. Working closely with the Agency of Commerce, I will direct the Jobs Cabinet to open a dialogue and establish a strategic partnership among government and key organizations to achieve the goal of greater job creation. This means government working in a coordinated manner toward the same goal and in collaboration with the Regional Development Corporations, the Small Business Development Center, the Workforce Investment Boards, trade associations, Vermont Manufacturer's Extension Center, the Chamber of Commerce, the Vermont State Colleges, University of Vermont, the technical centers, Vermont Economic Development Authority, Vermont Economic

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Progress Council, and the Vermont Technology Council as well as partners in the private sector, like Central Vermont Public Service and Green Mountain Power Corporation, who have demonstrated their commitment and invested their own significant resources to help create more jobs for Vermonters.

- **Invest In Targeted Recruitment.** The last notable efforts at business recruitment were Husky Injection Molding in Milton and Putnam Investments. Over the last several years there has been little effort designed to recruit new businesses. Vermont cannot continue to ignore this market. Using the captive insurance sector as a model, there is proof that the right industry combined with the right business support environment can be highly successful. Started with key legislation in the early 80's, the captive insurance industry now employs nearly 1,200 people, generating \$14.5 million in Vermont tax revenue. With the right planning and strategy, this model can be replicated.
- **Create A Culture Of Entrepreneurship In Vermont.** Vermont is known as a state of independent and free-willed thinkers, not only in the political arena, but in business and in the sciences. New enterprise and innovation, especially within the high-tech industry, requires private capital to grow and thrive. As Governor, I'll work to **attract venture capital** to Vermont. I will propose a targeted tax credit for angel investors willing to invest in Vermont for the long haul. The tax credit will be coupled with a mentoring program that will link entrepreneurs who receive funds eligible for tax credits with seasoned executives who reside in Vermont. The linkages created under the angel investment program can provide the spark for endeavors of all shapes and sizes — initiatives that strengthen our economy and create jobs for Vermonters.
- **Revitalize The Existing Tools For Development.** As Governor, I will ask the Legislature to take a new look at the VEPC financing program, examining the tools necessary to stop other states from poaching businesses and reviewing and implementing incentives for start ups. During my term as Treasurer, in conjunction with VEDA, we developed an innovative model (which has been nationally recognized) to use existing loan portfolios to continue to make loans to new ventures. Because this program is self-perpetuating it was a way to provide new monies to VEDA without being reliant on year to year state appropriations. With a small amount of investment more loans can be leveraged indefinitely. The toolbox should contain an appropriate emphasis on value added products from Vermont's natural resources (granite, wood, agriculture).
- **Focus On Regional Strengths.** As part of their ongoing mission, the Agency of Commerce and Community Development will be charged with identifying emerging markets or potential growth areas (exporting, technology, biotech, engineering) and opportunities for proactive planning with the leaders of those sectors. A segment of this research will focus on regional resource clustering, and analyzing regions of the state for correlation between business sectors and resources with a goal of creating jobs in these regions.

- **Enhance And Retarget R&D Efforts.** UVM now conducts \$100 million of research and development annually. We have 24 colleges and universities in Vermont with many faculties conducting research and Dartmouth College is just across the border. My administration will work to assure that this effort **at research and development is translated into new companies and jobs.** The Vermont Technology Council and the University of Vermont are ideally situated to lead this effort, capitalizing on the many examples of prior success that obtained little or no state support. To that end, this effort will also explore the feasibility of Vermont hosting a Research Park.
- **Affordable Housing.** We must commit resources to the creation, rehabilitation and preservation of affordable housing for working Vermonters, which will enhance Vermont's ability to attract and retain quality jobs, and the workforce to fill them. The cost of a building a home is often inflated due to Vermont's cumbersome permitting process. Therefore, a reasonable and predictable permitting process must accompany this commitment.

## EDUCATION

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NOTHING IS MORE IMPORTANT to the future of Vermont than a quality education for our youth. Unfortunately, all too often we fail to give kids the tools they need to succeed. Our children deserve better.

Vermont spends a billion dollars a year on public education. We rank second among the states for education spending per capita. Vermont has the lowest pupil/teacher ratio in the country, and has the lowest pupil/staff ratio in the country. This year alone, the Vermont Department of Education calculates that we are spending more than \$9,000 per pupil to educate our children.

That should be enough to provide the best education money can buy. But many parents and students are not seeing the results they deserve.

Although *Education Week* magazine gives Vermont an “A” for providing adequate resources for education, they give us a “C” for standards and accountability and a “C+” for improving teacher quality.

In 2000, 27 percent of Vermont’s 4th graders and 25 percent of our 8th graders failed to achieve even the basic level of achievement in math.

In science, 22 percent of 4th graders and 26 percent of 8th graders scored below the basic level of achievement.

Compared with students of similar backgrounds in other states, Vermont’s students perform nearly 40 points worse on the SAT.

We need to focus our education resources so that we spend our money on what really matters: a high quality education for all children.

### GUIDING PRINCIPLES

- ❖ Focusing on student achievement and results will be the guiding principle for the Douglas administration. Each child needs to make a full year of progress each school year.
- ❖ Every child deserves access to the best Vermont’s public schools have to offer.

- ❖ My administration will also work relentlessly to ensure our schools are safe and drug-free.

#### POLICY COMPONENTS

- **Empower Parents By Providing Choice And Opportunity.** A first-class education is the critical foundation for the future success of every child. But not every child receives an equal opportunity for the best education Vermont's public schools can provide. When a school fails to meet the individual needs of a student, wealthy families can pay tuition and choose another school, but poor and middle-class children are left behind. That is wrong. Choice should not be a privilege reserved for only the wealthy. It should be the right of all Vermonters. I will open the doors of our best public schools to every child.

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- **Great Teachers, Great Results.** The best pedagogical tool is a great teacher. We are fortunate in Vermont to have schools full of dedicated teachers. In order to make sure the next generation of our children have great teachers, I will ask the Commissioner to review the tools schools have to recruit and retain qualified teachers. Specifically, we need to recruit talented people to become Vermont teachers by reducing unnecessary barriers that keep successful, qualified and motivated people out of the teaching profession. We also must guarantee a good teacher in every classroom. That means competitive pay and a meaningful accountability system. Money alone is not enough. We need to provide assistance to new teachers. We will utilize the skills and methods of experienced teachers to help train new teachers for success.
- **Measure Results.** We need to implement the No Child Left Behind Act and administer meaningful tests to all Vermont children in grades 3 through 8 so we will know if they are falling behind and get them back up to speed without delay. Some children learn differently, and we need to be able to identify those students through regular testing. Then we can concentrate on finding the best way to address their special needs.
- **Fight Drug Abuse in Schools.** Substance abuse in Vermont, especially heroin abuse, has increased dramatically. Eliminating drugs and violence from Vermont schools will be a priority so students can concentrate on learning and teachers can focus on teaching, not policing. As part of my Drug Education, Treatment, Enforcement and Rehabilitation (DETER) program, we will put a drug counselor in every junior and senior high school. Counselors will identify and counsel at-risk youth and provide all students with information regarding the dangers of drug use.
- **Provide Productive After-School Activities.** The most dangerous time of the day for mischief is in the hours after school and before dinner. My DETER

program will increase after school activities for adolescents and teenagers. Children who are busy with extracurricular activities, community service, athletics and jobs learn from these activities and have fewer opportunities to make bad choices.

## HIGHER EDUCATION

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VERMONT'S PEOPLE are our most important resource. Now more than ever, Vermonters need opportunities for education beyond high school. Higher education and life-long learning allow Vermonters to expand their opportunities, increase their marketability, demand higher wages and gain personal fulfillment.

Vermont is fortunate to have many fine public and private educational institutions offering a wide variety of programs. These institutions offer students of all ages the opportunity to grow, learn and contribute to society through their chosen field of endeavor. These institutions also serve as cultural and economic centers in their regions and for the state.

State support for higher education has not been sufficient particularly in the last 10 years. While small gains have been made in the last three years due to a partnership of public and private institutions, Vermont Student Assistance Corporation (VSAC), and the Legislature, Vermont still needs to increase its financial support in order to address these dismal facts.

In state appropriations for higher education, Vermont ranks 49<sup>th</sup> in the nation. This results in increasing student debt load and reduced grants and loans to students affecting both public and private colleges in Vermont. Our public college tuitions are among the highest in the nation.

We need to do more to ensure that higher education is affordable for average Vermonters.

### GUIDING PRINCIPLES

- ❖ My administration will be guided by the principle that higher education should be of the highest quality, affordable and accessible to all Vermonters.
- ❖ The higher education system should be connected to K-12 system for professional development, program development and enrichment.
- ❖ Higher education should be responsive to the needs of the economy through research and development, education and training and through programmatic

offerings.

- ❖ My administration will lead efforts to assure the state's critical needs are met and that articulated career pathways are developed.

#### POLICY COMPONENTS

- **Maintain Funding Levels.** Even in these difficult economic times, when state revenues are decreasing, it is crucial that we hold harmless our commitment to higher education. As revenues grow, we will look to gradually increase state appropriations and capital funding to reduce student debt load, increase grants and loans, and prepare state institutions' infrastructure for the future.
- **Attain National Recognition for College of Engineering at the University of Vermont.** If Vermont hopes to recruit and retain national high-tech firms, we must develop UVM's Engineering College into a nationally ranked institution. This is an ambitious goal that will not occur overnight. With UVM's new president, Daniel Fogel, my administration will be committed to long-term, necessary steps to see this goal through completion. These steps will include targeted resources, public-private partnerships with national firms, and an aggressive effort to recruit talented professors and students.
- **Continue the Investment in the Higher Education Compact.** The Higher Education Compact provides Vermont's colleges and universities with much needed funding which benefits all Vermonters. Also, as revenues allow, we should invest in the Higher Education Trust Fund and maintain the incentives to increase the endowment fund.

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## WORKFORCE TRAINING AND CONTINUING EDUCATION

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A CHANGING ECONOMY requires that our workforce be prepared for new challenges. We need to provide workers with the education and training they need to compete for 21<sup>st</sup> Century jobs. Vermont needs to provide workers with more chances to obtain new skills and take advantage of new and different career opportunities.

An educated workforce is key to attracting, retaining and growing businesses. One of the chief factors businesses look at when they are choosing where to grow or relocate is the level of workforce education.

For the thousands of Vermonters who have been laid off, training and continuing education can be a powerful asset in obtaining their next job. Currently employed workers may benefit from short-term training or retraining in the latest equipment and technologies to improve their prospects for career growth.

Vermonters are renowned for their strong work ethic. Now it is time to help our workers develop new skills that will make them even more desirable as employees. Vermont must make the most of our talented workforce, and develop appropriate training infrastructure like technical centers.

With dedicated leadership, we can give workers more opportunity to develop their skills and grow professionally.

### GUIDING PRINCIPLES

- ❖ My administration will commit itself to ensuring that Vermont's working families are given the tools they need to compete for 21<sup>st</sup> Century jobs.
- ❖ Workers need to be given opportunities to increase their marketability so they can demand better wages and benefits.
- ❖ A Douglas Administration will work to establish government as a partner in employer and employee growth.

## POLICY COMPONENTS

- **Implement *Skilled Work Force through Training (SWiFT)*.** In Vermont, we already have an established network of job training and education. I will propose we pool the resources of these organizations with a SWiFT program. SWiFT is my proposal for a statewide workforce and training initiative in collaboration with the Workforce Education and Training Consortium and other established partners including the Vermont State Colleges, Department of Employment and Training, Northland Job Corps, Step-Up for Women, Vermont Construction Career Council, and other regional partners like the regional development corporations, the workforce investment boards, regional marketing organizations all for the purpose of retaining, attracting, and growing jobs.
- **Target Education & Training To Address Critical Needs.** Right now in Vermont, there is a shortage of skilled workers in many fields, including nursing, special education, and technology. We will identify critical needs for skilled workers and implement complementary training programs. Once we identify statewide skill needs, we can build on the efforts by industries and businesses in the development of skills standards.
- **Second Chance Education.** We need to assure basic skills and promote opportunities to receive equivalency diplomas for adults who need a second chance and a hand up to the workforce.
- **Fund Training Programs that Work.** As an economic development tool, we will make every effort to fully fund the Vermont Training Program for manufacturers, the Workforce Education and Training Fund, and existing apprenticeship training programs. For all education and training programs, we will require regular evaluation to assure that the purpose of the training has been achieved and accomplishes stated goals.
- **Education Flexibility.** Students and trainees do not acquire all of their education in one place. In today's economy, workers move between geographic locations for a variety of reasons. We must work to develop "articulation agreements" between secondary, post-secondary education and training organizations that will allow students and trainees to transfer credits and classes between different institutions.

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## WORKERS' RIGHTS

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VERMONT'S WORKFORCE is the best in the nation. Vermont businesses identify a strong work ethic as one of our state's biggest advantages.

Vermont's workers deserve jobs that meet their highest potential. No Vermonter should have to leave the state to find a job that pays well. That is why we must strive for maximum wage jobs that allow workers to provide for their families, own their own home and save for the future.

According to the latest statistics available from the Vermont Department of Employment and Training website, working Vermonters are earning only a fraction of what the average American makes in a year. In 2000, the average American earned about \$35,300 per year. The Vermont average was only \$28,700.

But what's more disturbing is the downward spiral of wages. In every year since 1990, Vermonters have seen their wages dwindle as compared to the national average. In 1990, Vermonters earned 87 percent of what the average American earned. In 1991, it was down to 86.8; then 85.9—then 85.8—85—84.3—84.1—83.2—82.5—81.9—and finally by 2000 Vermonters earned only 81.3 percent of the U.S. average.

We are in even worse shape when compared to our New England neighbors.

In short, the working men and women of Vermont are getting a raw deal.

We must ensure that workers have the tools and skills they need to compete in a changing workplace by investing in job training and education. We must work to attract and retain high-paying jobs. We need to lower the cost of doing business in Vermont. We need to improve our transportation and communications infrastructure, and focus on industries that represent Vermont values of hard work, fair play and environmental protection.

Think of all we could accomplish if we only committed ourselves to a coordinated effort to compete in the global economy and win!

## GUIDING PRINCIPLES

- ❖ No Vermonter should ever have their potential limited by the lack of a good job. I will dedicate my administration to ensuring that our working families have the opportunities they deserve and are fairly rewarded for their work.
- ❖ I will commit myself to attracting and retaining high paying jobs for Vermonters, but I also want to make sure that Vermont's working poor are given real opportunities to succeed. I will fight for fairness for these all too often neglected Vermonters. Hand-outs are not the goal; hand ups are.

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## POLICY COMPONENTS

- **Help The Working Poor Invest In Their Futures.** I will expand Individual Development Accounts to give more low-income families an opportunity to save, tax-free and supplemented by government and private matching funds, for a down payment on a home, higher education or to start a business.
- **Increase Workforce Training Opportunities.** Implement my Skilled Work Force through Training (SWiFT) program and other programs that prepare workers for new challenges, and assure basic skills for adults who need a second chance. We should continue to fund the Vermont Training Program for manufacturers, the Workforce Education and Training Fund and existing apprenticeship training programs, and increase these appropriations as revenues allow.
- **Promises Made, Promises Kept.** Companies that seek and receive tax credits to help create more jobs for Vermont's working families must be made to keep their commitment.

## PERMIT REFORM

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VERMONT'S NATURAL BEAUTY and environment are second to none. Some people argue that the state needs to severely regulate business in order to maintain our way of life. Others say that the need for jobs requires that we take liberties with our environment.

But this is not an “either/or” proposition. I believe there is a third way where we can have both a clean environment and good jobs. This is the Vermont Way.

State government must act to protect Vermonters and preserve our precious resources, while at the same time not stifling the economic engine that will create jobs and keep our state strong. Vermont is a wonderful place to live and work. We can not maintain our quality of life without a strong commitment to jobs AND our environment.

I have often referred to the “balance” that we must seek between environmental protection and economic growth. But balance may suggest that there is a tradeoff. I do not believe that. I believe that Vermont's natural environment and our economic environment are *codependent*.

A productive economy enables us to have the quality of life we treasure. And a pristine environment is an important cog in our economic engine. A struggling economy leaves us with fewer resources to protect our environment.

The debate between jobs and the environment is a false one. It is generated not by draconian regulations, but by a flawed regulatory process. This is a dangerous situation as it creates resentment between environmentalists and the business community, and contributes to the notion that our economy is competing with environmental protection. Such a perception threatens to harm both.

The source of this conflict is Vermont's unpredictable, costly and time-consuming permit process. It is a process has resulted in a battle between Vermont's business and development community and an intractable bureaucracy. It has produced a perception that Vermont is anti-business and caused economic stagnation, job losses and less hope for our citizens.

Environmental protection will lose support if the regulatory process is manipulated to defeat even responsible growth and economic development. We must all work together; our resources are too limited for us to waste time and energy fighting each other.

Act 250 is an excellent law that Vermonters are rightly proud of. In the early years of Act 250 applicants felt comfortable representing themselves in the process. Now the process is so complex that the lay applicant can no longer tackle the process alone. He/she must hire a team of specialists and lawyers thereby adding significant process related costs to the project. This is a particular problem for small business and individuals who have fewer resources than big developers.

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We need to bring common sense to the permit process to make it more predictable, less expensive and less time-consuming. We can do this without compromising our commitment to the environment.

Politicians in Vermont have done a lot of talking about permit reform, but there has been little action. I will make substantive changes to the machinery of permitting that will restore the simplicity of process and help end the bickering between business and environmental activists. We can and must make Vermont more job-friendly while protecting the environment.

#### GUIDING PRINCIPLES

- ❖ My administration will work with business and environmental leaders to achieve the dual goals of a robust economy and a clean environment because studies have proven that states with the best environmental records also offer the best job opportunities, and climate for long-term economic development.
- ❖ We must end the polarization between environmental groups and the business community. Lawsuits are an unproductive way to preserve our natural surroundings, scenic beauty and quality of life, to resolve program deficiencies or to set environmental policies. We must acknowledge and appreciate each other's commitment to Vermont. Like many individuals, business owners have made conscious sacrifices in terms of efficiency and effectiveness to be in a place where they want to live. To achieve economic prosperity and environmental preservation, we need cooperation, not confrontation. The Douglas Administration will bring all the factions together and facilitate the discussion of how Vermont is going to go forward.
- ❖ It is the role of government to develop and manage a process that allows for responsible development without compromising Vermont's environment. Government must plan for and administer programs to manage our resources and protect our environment. And government should provide education

and environmental assistance services to Vermont businesses with the emphasis on sustainability and long-term pollution prevention.

- ❖ We must lift the oppressive regulatory burden and ensure that the permitting process is consistent, predictable, and fast! We must restore the citizen access and participation that formed the basis of Act 250, and strive to have decisions made at the local level whenever possible.
- ❖ We must recognize effective, valuable tools such as Vermont Economic Development Authority, the Vermont Training Program, the Vermont Manufacturing Extension Center, the Vermont Economic Progress Council, and the Small Business Development Center and utilize them more effectively. We need to invest time and energy into improving our business climate, inviting businesses to invest in Vermont and supporting them when they do.

#### POLICY COMPONENTS

- **Reform The Permit Process.** We need to make “reforming the permit process” more than an empty soundbite. Vermont jobs depend on it and Vermont workers demand it. In the first 100 days of the Douglas Administration, I will submit legislation to reform the existing permitting process. Below are the major components of my reform proposal.
  1. **End Big Moneyed Special Interest Influence.** As a means to further an extreme political agenda, out-of-state special interest groups have commandeered the permitting process in Vermont, and drowned out the voices of Vermonters. Act 250 was meant to give Vermonters a say in community development and land use. Today, many projects that have the support of most Vermonters are held up in endless appeals generated by organizations that have no direct interest in Vermont’s affairs except to make a political statement at the expense of our workers. We need to limit party status — i.e., who can be an active participant in the permitting hearings — to those who are really affected by the proposal and could suffer detriment directly related to the project.

In the current permitting system, anyone who attains party status has the potential for a tremendous impact on a project. Parties to Act 250 proceedings should be required to seek party status and participate before the district commission in order to obtain the right of appeal. Likewise, participation in the local permitting process should be a prerequisite to securing party status as “parties by permission” in Act 250 proceedings. Party status should not be granted for petitioners only offer evidence or argument. This does not diminish the ability of these petitioners to present testimony, evidence and argument if they are invited to do so by a party. In addition, if a District Environmental Commission or the Environmental Board believes that they are not getting the information required to make a decision, they have the power to investigate the facts further and can even order additional witnesses.

2. **Create A Master Application.** There are approximately 45 different permits — and 45 different permit applications — from the Department of Environmental Conservation alone, plus approximately 66 other state and federal permits that a business may need. Permit applications can be consolidated to provide for a master application with attachments for additional necessary permits. An online, technology-based approach will result in more expeditious filing and processing without the morass of multiple applications and duplicative effort.
  3. **Allow On-the-Record Appeals.** In the current system, Act 250 applicants need to go through the entire hearing process from scratch if they choose to appeal a ruling from the District Commission. We need to have appeals “on-the-record” to avoid duplication of effort, unnecessary cost, and further needless delays.
  4. **Consolidate Appeals.** Currently, land use and solid waste permit appeals go to the Environmental Board, stormwater permit appeals go to the Water Resources Board, and air permits are appealed to Environmental Court. As another step to streamline the appeals process, we need to consolidate appeals of all state environmental permits to the Environmental Board. This is consistent with returning to the goal of citizen participation that formed the basis of Act 250 in the first place.
- **Change The Culture Of Government.** As Governor, I will appoint people to state government whose mission is to serve Vermonters, bringing new ideas and energy to make the Douglas Vision a reality. This means we treat businesses and workers as allies not adversaries, and we provide service, not silliness. The Secretaries, Commissioners, and Board members that I appoint will exhibit that philosophy. In addition, they will expect to issue common sense decisions and review present programs to prioritize them in terms of importance and cost-effectiveness.
  - **Re-Establish A Collaborative Process.** When Act 250 was conceived and implemented, it was never meant to be a forum for lawyers and special interest agendas. It was meant to be a forum for citizens to work with citizens to solve questions about development. 10 V.S.A. 6085(e) explicitly states that the Environmental Board and the district environmental commissions “shall promote expeditious, informal and non-adversarial resolution of issues....” This proposal will bring the reality of the permit process closer to the legislative intent of Act 250.

## HEALTH CARE

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ACCESS TO AFFORDABLE, high quality health care is of critical importance to all Vermonters.

The underpinnings of a high quality health care system are the fundamentals of access, quality and cost.

In general, most Vermonters have adequate access to care. The health care system in Vermont is based upon a strong community hospital system, a medical school, teaching hospital and a level three trauma center serving all of Vermont and upper New York and New Hampshire capable of providing care to our most sick or injured citizens. Physician services are generally adequate in terms of total number of physicians serving Vermont's population. However there is an issue surrounding the distribution of physician services, with 10 out of 14 counties currently being defined as underserved in primary care services.

Vermont is also fortunate to have a medical community and hospitals that provide extremely high quality care.

The area of growing concern for the average Vermonter however is that of the cost of health care. Insurance premiums have been increasing by double digits and the cost of public programs has tripled in the past decade. This means an increasingly disproportionate share of state general funds is spent on health care. Furthermore, employers are finding it more and more difficult to absorb the higher premiums and many are forced to pass along the increased costs to their employees.

Skyrocketing health care costs have led well-meaning lawmakers to push more and more Vermonters into taxpayer-funded, government programs. But that policy has not reduced costs, it has only passed the buck to the taxpayer and consumers of private health insurance. The ultimate result is that even fewer still can afford these increased costs.

We need to address the root causes of unaffordable health care — the underpayment of services by the government and the shifting of those costs to private insurance, mandated benefits, community rating, high overhead costs and an uncompetitive in-

surance market.

#### GUIDING PRINCIPLES

- ❖ The Douglas administration will work toward revitalizing the health care market place to attract additional competition in the health insurance industry, and is committed to maintaining a competitive, multi-payer market.
- ❖ The Douglas administration will strive to have the publicly funded health care programs financially sustainable and increase the effort to reduce the cost shift from public programs to private insurance.
- ❖ The Douglas administration will work to develop and implement a strategic planning process for health care expenditures, to guide the regulatory and budgetary considerations of the Department of Banking, Insurance, Securities and Health Care Administration (BISHCA).

#### POLICY COMPONENTS

- **Save Medicaid.** Vermont's Medicaid program is in serious trouble. If we do not take immediate action to make Medicaid financially sustainable, we will face a \$100 million within a few short years. A deficit that large will threaten Vermont's commitment to the poor and disabled and require significant cuts in programs across state government. My administration will work to save Medicaid for the most vulnerable Vermonters. A key component of our commitment will be to pay the state's share of Medicaid costs thereby reducing the cost shift from public programs to private insurance. We must begin to address the costs of Medicaid by looking at some of the administration and management of Medicaid benefits. We need case management techniques for chronic disease management, benefit package review and redesign, and a requirement for use of generic drugs except where specifically prohibited by the physician. We need to ensure that no further program expansions occur without first understanding and addressing the financial implications, and make structural reforms make the program sustainable for the long-term.
- **Increase Flexibility of Community Rating.** As the Governor's Bipartisan Commission on Health Care Availability & Affordability recommends, we must reduce insurance costs by increasing the flexibility of community rating and create a high-risk pool for Vermonters that require coverage. We should allow discounts for healthy choices, just as car insurance prices are discounted for good driving records. Our current community rating system has driven insurance companies from Vermont and reduced competitive pressures that reduce costs. We must encourage competition in the health insurance market so Vermonters have affordable choices that meet their individual needs.

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My administration will work to revitalize Vermont's health care marketplace.

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- **High-Risk Pool.** Some Vermonters who are in poor health or are at high risk for costly health problems are uninsurable. Instead of passing their high costs onto other consumers — particularly young, healthy, but less financially secure families — through community rating, we should create a high-risk pool to pay for exceptional health care costs.
- **Medical Savings Accounts.** Once a competitive health insurance market is reintroduced, we must encourage Vermonters to take advantage of tax-deductible Medical Savings Accounts (MSAs). MSAs will allow Vermonters to build savings to cover high deductibles, dramatically reducing premium costs. As their investment in MSAs grow, Vermonters can continue to reduce their premiums.
- **Lower The Cost of Prescription Drugs.** The cost of prescription drugs hitting every Vermonter, especially those on fixed incomes. I support the efforts to join a buying consortium with other New England states. Also, we must negotiate lower prescription drug costs through preferred drug lists, and urge Vermont's Congressional delegation to support an affordable prescription drug benefit for the poor and elderly.
- **Help Small Businesses Help Their Employees.** The high cost of healthcare is making it unaffordable for small businesses to offer insurance to employees. To help small businesses, we must allow insurance companies to offer a wide variety of benefit programs including a basic plan. Also, we should enable small business groups to pool together to increase their purchasing power. Businesses will also be able to contribute to employees' MSAs, which will reduce costs for both employers and employees.
- **Engage In Long-Term Health Care Planning.** If we hope to reign in the high cost of healthcare in Vermont we need to move beyond year-to-year crisis control strategies. Building on the work of the Commission on Health Care Availability & Affordability, and working with partners across the healthcare spectrum, my administration will work to develop a comprehensive long-term plan that anticipates problems of exploding costs, affordability and quality.
- **Reform The Certificate Of Need (CON) Process.** As Governor, I will recommend specific modifications to the CON process to ensure that it is expeditious, fair, and predictable. We must allow for maintenance capital expenditures or smaller dollar projects to be expedited while new or major improvements over that threshold would receive the complete review by the Public Oversight Commission. This reform would also provide a forum for appeal. Our **long term planning** must provide a context for the Public Oversight Commission and BISCHA to make decisions regarding Certificate of Need and other regulations. This will move the state from forecasting health care expenses and budgets to

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We need to address the root causes of unaffordable health care.

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strategic planning on the need and type of health care expenditures.

- **Reduce Administrative Costs.** As Governor, I will direct the Cost Control Council to streamline the paperwork process with a goal of reducing administrative costs, now considered to represent a substantial portion of the costs, by ensuring consistency in forms and procedures between the public programs and private insurance.

## TRANSPORTATION

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VERMONT'S TRANSPORTATION infrastructure is vital to the economic progress of our state and the safety of Vermonters. The economic health and vitality of our manufacturing, tourism, and service economies — and the jobs they create — depend upon a well-maintained, efficient transportation network.

As a rural state with dispersed population centers, upgrading and maintaining our highway network must be our first priority. Most of the raw materials for Vermont manufactured products are delivered on our highway network. Additionally, most of the finished goods traveling into and out of Vermont are shipped by truck over the highway network. Almost every Vermonter depends upon our highways to get to work, to school, to shop, and to see the people and places that make Vermont the unique place that it is. And our proximity to major population centers with 60 million visitors within a day's drive makes our highway network absolutely vital to the tourist economy.

Rail and other alternative transportation modes are also important to many Vermonters and some key businesses. However, the state has wasted millions of dollars on an experimental commuter train that provides a benefit to very few Vermonters. What's worse, in the last 10 years over \$200 million from the transportation fund has been diverted to non-transportation uses.

The state's transportation policy over the last decade has neglected the highway network that is the bread and butter of Vermont's transportation network, and the state's economic lifeline. This neglect has come despite five years of unprecedented state budget surpluses and a dramatic expansion in the availability of federal transportation funds. Most states have used the prosperity of the late-1990s to rebuild and improve their highway infrastructure — but not Vermont. Anyone who has traveled to other states in the last year or two can appreciate just how bad our roads have become compared to states that are our economic competitors.

The Agency of Transportation's own studies show that the percentage of Vermont's paved highways that are in poor condition will increase from 32% in 2002 to 40% next year and to 45% by the year 2006. These poor highways mean more wear and

tear on the cars and trucks of working Vermonters and more delays and slower delivery times to our businesses that rely on trucks to provide raw materials vital to manufacturing.

My transportation policy will be to reverse the neglect of our highway system and make investments in critical infrastructure projects that will help revitalize Vermont's economy. Too many Vermonters' jobs depend upon our transportation network to let this deterioration continue.

My administration will explore the funding of selected priority highway projects by borrowing, within the recommended debt affordability level, to immediately begin construction. In addition to improving Vermont's economic foundation, these projects will provide stimulus in the construction sector and provide jobs for workers.

Bonding to finance large, long-term projects that will provide benefits over many years is consistent with the "best practices" of leading corporations, states, and local governments. This method of funding will allow for the use of the annual transportation fund revenues to maintain the current system, including reducing the backlog of poorly paved highways.

A Douglas administration will reprioritize existing spending, end the diversion of Transportation Fund tax revenues to non-transportation uses, and explore responsible borrowing to restore Vermont's transportation infrastructure in a way that will improve our economy and expand jobs in Vermont.

#### GUIDING PRINCIPLES

- ❖ Reprioritize transportation funding to restore Vermont's deteriorating highway infrastructure with emphasis on our highway network including town roads and bridges.
- ❖ End the diversion of transportation fund revenues to non-transportation uses. These additional resources will be spent on our most critical bridge and highway projects.
- ❖ Target a few high-priority major new highway projects that alleviate transportation bottlenecks in key transportation corridors or improve access for major Vermont employers. Other than these few high priority projects, most funds will be targeted to improving the condition of existing highways and bridges.
- ❖ Implement a rigorous cost-benefit analysis for all transportation projects.
- ❖ Evaluate bonding in instances where long-term cost savings can be achieved while upgrading critical infrastructure.

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Too many Vermonters' jobs depend upon our transportation network to let this deterioration continue.

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POLICY COMPONENTS

- **End The Joint Transportation Oversight Committee (JTOC) Transfers.** Each year Vermonters pay an assortment of transportation user fees and a state gas tax with the understanding that the money is going toward transportation projects. Instead, the Legislature diverts \$25 million per year in transportation fund revenues to non-transportation programs. I will gradually end the practice of JTOC transfers.
- **Upgrade Poor State Highways.** Right now, nearly 2 of 5 Vermont highways are rated in poor condition. I want to reverse the projected increase in the percentage of state highways rated poor by appropriating additional expenditures on highway improvements. The Douglas administration will make a long-term effort to improve the condition of Vermont highways.
- **Complete Critical Transportation Projects.** I will support completion of the Bennington Bypass and segments A & B of the Chittenden County Circumferential Highway (from I-89 to VT 117) and the Mississquoi Bay Bridge in order to provide community revitalization and enhance job creation efforts.
- **End Bad Investments.** The commuter rail project between Burlington and Charlotte has cost the state nearly \$1 million per year and much more in federal money. Ridership has been dismal. While the goal of providing low-cost commuter transit is admirable, the practical use of a commuter train at this time is non-existent. I advocate terminating the Champlain Flyer at the end of the federal demonstration period, unless ridership figures improve dramatically.
- **Continue Vermont's \$2.1 Million Amtrak Subsidy.** Many Vermonters are dependent on Amtrak service for long-haul travel. Also, when the upgrades are complete, the New York-Bennington-Manchester-Rutland rail line will generate tourism revenue. Amtrak may propose shifting additional funding burdens on the state in exchange for continuation of service. The Douglas administration will resist additional payments to Amtrak. Rather, we will examine ways to provide reasonably justified passenger rail service with clear benefits, within the ability of the state to pay for it.
- **Ensure Vermont's Airport Facilities Continue To Meet The Needs Of The Traveling Public.** Job creation and economic development require access to major airlines with frequent connections to major metropolitan hubs so business leaders can easily access their customers, headquarters, and markets.

## TRAVEL & TOURISM

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TRAVEL AND TOURISM is the one of the largest industries in the state of Vermont, second only to manufacturing. Given the recent decline in the manufacturing sector, the importance of travel and tourism has increased. The travel and tourism industry provides substantial employment opportunities and generates considerable tax revenue for the state's general fund. There is substantial interaction between this industry and many other facets of Vermont life with the added benefit of Vermonters taking advantage of world-class recreational opportunities right in their home state.

The economic impact of travel and tourism is crucial to a healthy economy in Vermont. A recent University of Vermont study that evaluated the impact of Vermont tourist expenditures indicates:

- U.S. tourists spent a total of \$2.58 billion in Vermont in 1999-2000. This contributed to a total impact of \$4.16 billion, or about 14% of the total state output.
- Tourist expenditures contributed to 75,200 jobs in total or 19% of the total jobs in the state.
- Tourism also contributed to a total impact of \$1.4 billion in personal income (employee compensation and proprietary income) and \$245 million in indirect business taxes for the state.

In addition to a significant economic impact the travel and tourism industry enhances the quality of life in Vermont. The Small Business Development Center in Vermont has initiated a Green Hotels Program to enhance environmental awareness while Vermont's ski areas help to protect pristine forests and wildlife habitat. They implement a variety of environmental programs which range from recycling wastewater to using vegetable based oil to lubricate lift cables.

The Vermont Agri-Tourism Program is a statewide initiative focusing on supporting existing and new agricultural enterprises by using the travel industry to add value to their business. Agri-Tourism is important in sustaining Vermont's rural character and working landscape.

Our state's array of outdoor recreational opportunities play an important element in maintaining the quality of life that we all enjoy. These recreational opportunities also play a vital role in our economic livelihood and asset management. This industry is worth at least \$300 million and benefits all Vermonters through attracting hunters, anglers and other tourists from all across the country. Our culture depends on rugged individualism and commitment to the land and waters that Vermont's sportsmen and women personify.

Small businesses are the backbone of Vermont's economic structure and these businesses are significantly impacted by the travel and tourism industry. People who purchase Vermont-made food products while in Vermont were, on average, four times more likely to buy them again at home. While maple syrup, dairy products and other specialty foods are popular choices, average spending per visitor on arts and crafts and clothing dominated the top spending categories. The vast majority of these were unplanned purchases.

People who purchased Vermont made arts and craft products while in Vermont were 10 times more likely to buy them again at home. Small businesses are key to the travel and tourism sector with 51% of Vermont's lodging businesses having 10 rooms or less and one third of Vermont's food and beverage establishments having less than 50 seats.

The nearly \$6 million annual investment spent on promoting travel and tourism provides significant direct, indirect and induced effects on the economy. This amounted to a return on investment of \$4-8 for each dollar the Vermont Department of Tourism & Marketing spent in FY 2001.

#### GUIDING PRINCIPLES

- ❖ Travel and tourism is a highly competitive industry on a regional, national and international scale. Vermont needs to increase its visibility in the marketplace in order to remain competitive and maintain/increase its share of the market.
- ❖ Vermont's average occupancy rate for calendar year 2001 was 38.7%. This means that every night approximately 60 out of every 100 lodging rooms in Vermont are empty. A Douglas administration will focus future investments in marketing to increasing the occupancy rate, resulting in increased revenues for Vermont.
- ❖ Expand Vermont's traditional tourism markets to include the promotion of agri-tourism, cultural tourism, historic sites, arts, museums and theaters.

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Small businesses are the backbone of Vermont's economic structure and these businesses are significantly impacted by the travel and tourism industry.

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## POLICY COMPONENTS

- **Establish A Fund For Tourism Marketing Initiatives (FTMI).** We should establish a venture capital fund designed to provide start-up money for private sector marketing initiatives that will benefit niche tourism industries in Vermont. In an effort to diversify Vermont's tourism portfolio, FTMI funds would assist organizations that develop and market travel packages aimed at growing industries in Vermont, such as agri-tourism, extreme sports and snowmobiling. FTMI-funded initiatives would leverage existing efforts by the Department of Tourism & Marketing. To qualify for FTMI funds, organizations would have a minimum of three major financial or business partners, led by a consortium of private sector businesses and/or destination marketing organizations, such as a regional Chamber of Commerce. While the FTMI funds would be one-time assistance, priority would be given to initiatives that are longer-term in nature and self-sustaining.
- **Create A New England Tourism Consortium To Encourage International Tourism.** Studies have proven that overseas visitors stay longer and spend more than the average domestic visitor. With the goal of boosting statewide occupancy rates, the Department Tourism & Marketing will work with other New England states to form a consortium to concentrate on the international market. Special focus will be on midweek visits when occupancy tends to sag. This low-cost effort will coordinate with the U.S. Department of Commerce to maximize exposure to international trade missions.
- **Make Vermont An Internet Destination.** In today's world, no destination is complete without a website. Vermont's tourism website is excellent. Now we need to promote it aggressively through e-mail marketing, strategic website promotion, and other direct marketing. These efforts will be coordinated with the private sector to enhance marketing initiatives, paying close attention to duplication of efforts.
- **Promote Business-To-Business (B2B) Communities Within Vermont's Tourism Industry.** B2B communities are web-based knowledge sharing and commerce enabling platforms. In Vermont, a mid-size B2B community focused on tourism would provide the Department, regional marketing organizations, Chambers of Commerce and businesses the opportunity to share industry knowledge and cross-pollinate best practices. The community will have a special emphasis on small businesses and ways to utilize economies of scale in the industry, including integrated marketing and cooperative buying.
- **Authorize A Full-Force Media Relations Effort.** We can stretch thin advertising budgets by reprioritizing existing resources to generate press on Vermont

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Vermont needs to increase its visibility in the marketplace in order to remain competitive.

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as a travel destination. While not a substitute for direct advertising and marketing, positive press attention in all media — travel magazines, major newspapers, human interest television and radio — is a cost-effective complement for an advertising budget. For the period of July through December 2000, articles about Vermont as a vacation destination had a space advertising equivalency of more than \$51 million.

## AGRICULTURE

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WHEN WE SPEAK of economic opportunity we must not leave out those industries upon which Vermont was built and which, in a changing economy, we have too often neglected. We must renew our commitment to our family farms and the men and women who have made it their lives' work to feed and sustain us. I know the challenges facing today's farmers because my wife's family are dairy farmers.

Agriculture is also a vital component of Vermont's heritage. It remains a critical Vermont industry that deserves greater focus, support and attention for current and future farmers.

Vermont has seen a rapid decline in the number of farms and farm acreage over the last twenty years. There is a shortage of youth entering the agricultural field. Consider the following:

- Agriculture represents 11% of the gross state product.
- Milk prices continued to decline while farmer's costs continue to increase.
- The Agriculture Department has been given low priority over the last several years with only 1/3 of 1% of total state funding being appropriated to the Agriculture Department and only \$214,000 of the \$75 million in VEPC tax credits being awarded to dairy related businesses. Additionally, the agriculture promotion budget is only \$100,000.
- In 1985 Vermont had over 3,000 farms — 17 years later we have half that number. Vermont has lost one dairy farm every four days for the last decade.
- Vermont dairy farmers account for 88% of the Vermont agricultural industry.

These facts demonstrate two things — we need to continue to support a strengthened dairy industry as well as encourage the diversification of the Vermont agricultural industry. This will help make farming more profitable and help us to maintain our working landscape which is so dear to Vermont and important to a thriving travel and tourism industry.

## GUIDING PRINCIPLES

- ❖ Re-establish agriculture as a priority industry in order to sustain Vermont's rural heritage and contribution to the state.
- ❖ Support land conservation while giving funding priority to lands that will preserve a working landscape and develop a strategy to ensure that the conserved land is actually farmed and managed. It is essential that we protect Vermont's working landscape — ensuring that not only is farm land protected from development, but also that there are farmers working the land daily.

## POLICY COMPONENTS

- **Elevate The Commissioner Of Agriculture To A Secretary Level Position.** The Agriculture Secretary will develop a comprehensive plan that enhances Vermont farmers' ability to succeed.
- **Establish Agri-Marketing As A Priority.** Vermont can help spur demand of agriculture products by effective marketing in coordination with the Department of Tourism & Marketing. Also, the Secretary of Agriculture will find ways to help promote the emerging agri-tourism industry.
- **Revitalize The Agriculture Extension System.** A key component to 21<sup>st</sup> century farming is knowledge and familiarity with new technology, government regulation, and access to assistance. A revitalized Extension System would establish farmer-to-farmer groups throughout the state to facilitate informal sharing of information and best practices. It would also provide access to business management programs and training to fully utilize modern technology, assistance with complying with environmental requirements and access to slaughter facilities.
- **Continue Support For The FARMS 2+2 Program.** The 2+2 program at Vermont Technical College and the University of Vermont has been successful in giving young Vermonters the specialized education they need to succeed in 21<sup>st</sup> Century farming.
- **Create An Agriculture Venture Capital Fund.** Vermont farmers already know that without diversification of agricultural products, economic survival is difficult. Working with the Vermont Economic Development Authority, the Secretary will establish an Agriculture Venture Capital Fund to provide small low-interest loans to Vermont farmers that promote innovative agricultural diversification.
- **Agri-Energy Initiative.** On my brother-in-law's dairy farm, they turn cow dung into clean burning methane fuel. In the transformation process they also create

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We must renew our commitment to our family farms and the men and women who have made it their lives' work to feed and sustain us.

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an organic fertilizer for the crops and bedding for the cows. Using technology, they turned a fact of life on a dairy farm into a usable fuel and two organic by-products. My agri-energy initiative will educate farmers about cost-effective and environmentally conscious energy alternatives and facilitate partnerships between the agriculture and energy communities.

- **Fair Taxation On Farm And Forestland.** The Secretary will review the treatment of farm and forestland in the state's education tax policy and the state's current use policies with a focus on equity for working farms and forestland.
- **Emphasize Skilled Farm Labor.** With more young Vermonters moving out of Vermont to find work, we need to incorporate the need for skilled farm labor in the collaborative statewide initiative, *Skilled Work Force through Training (SWiFT)*.
- **Encourage Supplemental Cross-Industry Employment.** My administration will explore new avenues for augmenting farm household income like the initiative the IDX Corporation implemented training farm family members to be medical transcribers.
- **Urge Vermont's Congressional Delegation To Reinstate The Northeast Dairy Compact.** The Compact is essential to support Vermont dairy farmers.

## INTERNATIONAL TRADE

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IN MANY AREAS, Vermont is a pioneer, never afraid to embrace positive change or be the first to accept new realities. But today, Vermonters too often hear from our leaders that we do not control our own fate, and that our futures are beholden to the whims of a global economy. They seem to resist the fact that the global economy is here to stay.

We need more leaders who understand that the global economy should not be an excuse, but an opportunity.

Vermont must make a commitment to diversify its economy and help Vermont companies compete in the global arena. International trade is a key component to our long-term economic well being. Without it, Vermont will continue to be challenged to attract and keep quality jobs in Vermont.

Vermont is not home to many multinational firms. However, Vermont's entrepreneurial spirit and creative solutions will serve us well. Why?

- 97% of all U.S. exporters are small businesses. In fact, companies with fewer than 20 employees make up more than two thirds of all U.S. exporting firms in 1999.
- Exports have accounted for almost one-quarter of U.S. economic growth during the past decade.
- Vermont has a history of developing new and innovative products and services — coffee from Green Mountain Coffee Roasters, snowboards from Burton and ice cream from Ben and Jerry's are a few examples of innovative businesses.

International trade is a powerful force in Vermont. In 2000, \$2.7 billion was exported from Vermont and 22,200 Vermont jobs are reliant upon international trade. With the recent passage of the Trade Promotion Authority legislation at the federal level, Vermont and the rest of the United States stands to benefit from new free trade agreements.

Vermonters should welcome trade, not fear it. Our workers are the best in the world and given the tools they need, we can compete in a global economy and win. There is

no doubt that with free trade comes change. But in the end, this change benefits Vermont's workers. We will gain more and better paying jobs to make up for some inevitable losses. On balance, we will come out on top.

The United States boasts only 4% of the world's population, with Vermont representing only a tiny fraction of that. We need to remember that 96% of the world's customers reside outside of the United States. That is a huge market just waiting to be introduced to our coffee, snowboards and ice cream.

#### GUIDING PRINCIPLES

- ❖ Make international trade a vital component of an overall economic development plan. Vermont's easy access to Montreal, the largest port in eastern North America, and its location as a border state with Canada, provides a foothold not only to the Canadian markets but also to the European Union, Central America, South America and Asia.
- ❖ Position Vermont as a high quality manufacturing location with close access to the major ports of Montreal, New York, Boston and Baltimore. Encourage the continued development of transportation options for delivery of goods (rail, highways and air).
- ❖ Lower the cost of doing business in Vermont. The basics of economics require that companies strive to create higher quality products at a lower cost. The burdens of business taxation, regulation, electricity and transportation can seriously hamper a Vermont company's ability to compete internationally.
- ❖ Develop Vermont's technology infrastructure. Although some progress has been made, Vermont lags behind other states in access to technology pipelines. Broadband, wireless and other high-speed options need to be supported.
- ❖ Vermont business people need to be able to travel easily and cost effectively. They should not be traveling to Manchester, NH, Albany, NY or Montreal to meet their travel needs.
- ❖ Support the development of jobs related to international trade. Export related jobs pay 16% higher than the national average. In addition to Vermont's traditional business sectors of agriculture, tourism and manufacturing, we also have particular strengths in environmental remediation, specialty food products, forestry and medical technologies.

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We need more leaders who understand that the global economy should not be an excuse, but an opportunity.

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#### POLICY COMPONENTS

- **Establish an International Presence.** Through the Agency of Commerce and Community Development, we will use existing contacts to leverage new relationships, reaching out past national borders to penetrate new markets. In many

cultures, the ability to show the support of the highest ranking official demonstrates a serious commitment to doing business. As Governor, I will have personal involvement in Vermont trade missions to sell Vermont and the “Vermont brand.” In addition, we will actively recruit travel from foreign dignitaries and international business people who travel to Vermont in order to show them Vermont’s best.

- **Create “Sister State” Relationships.** Through an increased international presence, we will forge Sister State relationships to further emphasize Vermont’s commitment to international trade. We will focus our energies on Vermont’s top five trading partners: Canada, Taiwan, South Korea, Japan and the United Kingdom.
- **Canada, Canada, Canada.** We must develop programs to make trade with Canada easier for Vermont companies. Canada is our closest neighbor and largest trading partner; however, the full potential of trade with Canada has not yet been achieved. Programs would include promoting various business sectors throughout Canada, inviting Canadian investment in Vermont, and developing relationships with provinces beyond Quebec. In addition, support for open borders and continued easing of tariffs will be mutually beneficial for both countries.

## TECHNOLOGY

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FOCUSING ON the creation of new technology enterprises in Vermont will reap results for Vermont because technology-oriented businesses provide good jobs with high wages and the businesses have little impact on our environment.

In the year 2000, Vermont was home to 556 high-tech firms, which employed close to 15,000 people with annual earnings of \$722 million. Vermont needs embrace the high-tech economy and recruit technology jobs to Vermont, providing more hope and opportunity for Vermonters.

Fostering job creation in the technology sector requires meeting the needs of this fast growing business sector. The tech sector shares many of the needs of any employer — a predictable regulatory environment, a talented and trained workforce, reasonably priced housing for their employees, access to capital, and a manageable cost of doing business.

In addition to these general policy areas, high-tech has unique needs, in particular a strong telecommunications network. Vermont's ability to create a modern, affordable and universally accessible telecommunications network is crucial to the state's economic future.

Vermont's broadband and wireless infrastructure deployment, technology-based business incentives and responsiveness of state government must be improved if we intend to become competitive and stay competitive over the long-term. According to the 2002 New Economy Index, Vermont ranks 48<sup>th</sup> in the nation in the use and deployment of broadband telecommunications infrastructure.

Businesses are placing a larger emphasis on the availability and affordability of broadband access when making location or job creation decisions. A lack of adequate telecommunications infrastructure will impede Vermont's capacity for economic growth. Without the availability of a state-of-the-art telecommunications system, jobs for Vermonters in this emerging sector will continue to lag behind more technologically advanced states.

Vermont state government has failed to adjust to the technology driven economy as

well. The New Economy Index ranked Vermont 50<sup>th</sup> in the nation in digital government which measures the utilization of digital technologies in state government. This needs to change. The Douglas Administration will make the use of technology in state government a priority, facilitating transactions for individuals and businesses.

A high-tech government will make the state more customer-friendly, increase efficiency and reduce costs.

#### GUIDING PRINCIPLES

- ❖ Create an environment conducive to job creation and growth in the technology sector by targeting technology-oriented companies and supporting entrepreneurial activities for new business development.
- ❖ Provide the leadership necessary to upgrade Vermont's telecommunications network including promoting the deployment of high-speed broadband capability throughout Vermont and facilitating the deployment of wireless networks to bring choice and competition to Vermonters.
- ❖ Use the power of technology and the Internet to make government services available electronically, providing Vermonters with increased access to state services.

#### POLICY COMPONENTS

- **Designate A Commissioner Of Innovation And Information.** As a far-reaching organization with nearly 8,000 employees and a \$3 billion budget, the State of Vermont needs a high-level Chief Information Officer. I will recommend the designation of a Commissioner of Innovation and Information within the Agency of Administration who will oversee all of the state's technology improvements. The Commissioner will be responsible for the development of a digital government, working with municipalities and local officials to ensure state-wide interoperability. The Commissioner will advise all departments on the role of technology and will work with private enterprise to develop Vermont's lacking telecommunications network. The Commissioner will also play a vital role in the recruitment of technology jobs as an official representative of the Governor with high-tech firms.
- **Governor's Technology Advisory Board.** Working with the Commissioner, an advisory board of seasoned high-tech executives, venture capitalists, and entrepreneurial academics from UVM and other institutions of higher learning will help guide Vermont's technology development and implementation. Board members will understand the importance of anchor universities in fostering high-tech business development and will use their relationships to foster growth in Vermont.
- **Personal Computer Sales Tax Holiday.** As part of being a connected state

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Vermont's ability to create a modern, affordable and universally accessible telecommunications network is crucial to the state's economic future.

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government, we need to have a connected citizenry. I will propose to the Legislature a two-year pilot project to allow two one-week periods during which the state will waive sales and use tax on personal computers, including single-user licensed software, service contracts, and peripheral devices purchased in the same transaction with a PC. Modeled after a highly successful program in Pennsylvania, the weeks will be in August and February to accommodate back-to-school and post-holiday sales.

- **Upgrade Telecommunications Infrastructure.** We will work to upgrade the state's telecommunications infrastructure by working with the telecommunications industry operating in Vermont to build out broadband internet access (at an affordable rate in a reasonable time) to the rural areas of the state.
- **Accelerate Cell Tower Siting.** Vermont's cell tower siting process should be accelerated to allow for greater services to rural areas, and take Vermont into the wireless era. State government must take the lead to ensure that wireless technology deployment in Vermont is accomplished in the most environmentally sound manner possible and that it is done in partnership with our local governments and communities.
- **Public-Private-Academic-Non-Profit Partnership.** My administration will support collaboration efforts between public, private, non-profit and educational institutions in the deployment of technology infrastructure and information transfer between organizations. This will help develop a coordinated education strategy for Vermont — one that emphasizes programs in the technology areas that the state is giving priority to for business development. This strategy will be focused on technical education and higher education, which will lead to a qualified pool of skilled workers. This means focusing on science and engineering and in other areas where Vermont already has some momentum (i.e. medical technology from UVM's College of Medicine).
- **Encourage Technology Research.** The Commissioner will spur the location and expansion of technology-based research activities in Vermont. A good model is UVM's Medical College with its proven grant winning abilities. These grants directly fund research, which can be the origin of new technology-based ventures.

## ENERGY

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VERMONTERS HAVE long taken pride in our self-reliance and independence. But our state imports more than 70% of our total energy, sending about \$1 billion out of state annually. Being so heavily dependent on imported energy places us at risk of price volatility and shortages.

Exporting \$1 billion has a significant effect on Vermont's economy. Despite strong efforts at conservation, electric use rose 12 percent in the last decade while Vermont's population grew 8.2 percent, echoing a nationwide trend. The average American homeowner's electricity consumption was up 3.4 percent between 1995 and 1999. Vermont is the fifth most expensive state in the nation in terms of electric rates. High electric rates have been a major concern to businesses and residents alike.

Vermont is becoming more like the other northeastern states with regard to peak demand. While Vermont has a traditional winter peak, summer demand for electricity is increasing steadily. To meet peak summer demand, utilities rely on generating plants that have significant impacts on our air, including an oil-fired plant on the Burlington waterfront and the McNeil wood- and gas-fired station in Burlington. Air quality regulations and/or court orders limit operations of these additional sources.

Renewable energy sources — solar, wind, biomass and geothermal — are becoming more important and more widespread. These energies are clean and will not run out.

There have been enormous technical advances in renewable energy systems since the 1980s. And renewables are increasingly cost-effective. Electrical generation costs in large-scale wind farms, for example, are now competitive with oil- and coal-fired generation plants. In addition, markets for renewable energy are expanding. California currently relies on renewables for 8 percent of its energy and expects to boost that to 12 percent shortly. Even northern states, such as Vermont, are increasingly tapping into these resources. The energies are free, but the technology to tap them is not.

One renewable source that Vermont relies upon is hydropower. Vermont has the largest installed base of hydropower in the country. It is controversial as a source of

renewable energy because of the need to build dams and the impact on habitat, fish, and water quality. Another Vermont source is wood. It is also somewhat controversial because of the nitrogen oxide it produces, and its potential impact on air quality.

Vermont has seen progress in the use of biomass and methane. The Department of Public Service estimates that within a decade, Vermont could get about 100 megawatts — roughly a tenth of its current power load — from combined heat and power systems using non-traditional fuels, with more coming from biomass-fired systems; manure piles, municipal sewage-treatment plants and landfills are sources of methane gas. Such systems are expected to move from the category of oddity into the mainstream in the coming years.

In addition to increased reliance on renewable energy, the Department of Public Service estimates 85 megawatts worth of gains through energy efficiency can be achieved by 2010. Most of the other four-fifths of Vermont's power supply to replace existing sources such as Vermont Yankee (presently about one-third of our power, due to expire in 2012) and Hydro-Quebec (another third of the state's power phasing out later in the next decade) is presently projected to come from the regional power market. Much of the power being sold in the region in 2020 is expected to come from natural gas-fired power plants in southern New England and Maine, raising concerns regarding price fluctuations in either the gas market or the now largely deregulated wholesale electric market.

Such risks indicate that we should produce as much of our own energy as possible, encourage conservation and the development and installation of renewable energy systems such as biomass, solar and wind turbines. Renewables would provide a greater degree of energy independence and help assure a locally produced and reliable energy supply. There would be greater stability of energy prices for individuals and businesses alike.

Another benefit resulting from renewable energy would be the jobs created as a result of increased manufacture, installation and maintenance of renewable energy systems.

Renewable energy will help Vermont become more self-sufficient, keep more of our energy dollars in the local economy and improve our environment.

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#### GUIDING PRINCIPLES

- ❖ Vermont's energy policy must consider the environmental impact, price, and reliability of its energy sources.
- ❖ Conservation needs to be complimented with additional energy sources to replace Hydro-Quebec and Vermont Yankee. The state itself should be a leader in en-

ergy conservation.

- ❖ Vermont should become as energy independent as possible and minimize the amount spent out-of-state to acquire energy.
- ❖ We must work to ensure energy reliability. During those long, cold winter nights or the dog days of summer, the Vermont power grid can be taxed to its limits. Led by state government, we will work to minimize spikes and peak demand and consider expanding market-based pricing for residential users.

#### **POLICY COMPONENTS**

- **Demand & Reward Efficiency From Large Power Producers And Users.** As Governor, I will seek the authority for the Public Service Board to allow utilities to take greater profits if they meet standards in encouraging efficiency and using renewable energy, and reducing their profits if they don't meet the targets. Rather than building new power plants or entering into power purchase contracts to meet demand, continue to focus on getting big customers to cut usage or even generate their own power when usage exceeds normal levels, and develop price point rewards for achieving these goals.
- **Focus On Renewables.** Renewable energy is part of the 21<sup>st</sup> century solution for striking the right balance between reliable, affordable, Vermont-generated power with environmental considerations. We will promote development and use of renewables by facilitating collaborations between parties such as colleges and universities, private entrepreneurs, business, and environmental groups to address technical, cost, availability and marketing concerns.
- **Alternative To Act 248.** My Administration will propose an alternative to the Act 248 process for small renewable projects that will be connected to the grid. The object is not to lessen requirements, but to place the review in the appropriate scale, making the process reasonable and accessible to ordinary citizens.
- **Create An Open And Accessible Siting Process.** Before Vermonters can be expected to start small-scale renewable energy projects, the state must address siting issues first by finishing and circulating the model siting guide and then providing education and training for local review boards as well as state review panels regarding siting aesthetics. The siting process will use an open public process to discuss the results of the siting studies, both as an opportunity to receive citizen input, and as an opportunity to educate the general public about renewable energy.
- **Agri-Energy Initiative.** Agri-energy is an emerging industry that is a good fit for Vermont ideals. For my information on my agri-energy initiative, see the chapter on Agriculture.

## TAX & FISCAL POLICY

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A HIGH TAX BURDEN is the beginning of a viscous cycle that puts pressure on family incomes, raises the costs of doing business, impedes economic growth and causes job losses — resulting in less income tax revenue generation. While tax increases may raise revenue in the short term, the paradoxical truth is that in the long term, high tax rates result in falling revenues.

In FY 2000, Vermont was third in the nation in state tax collections as a percentage of personal income—37 percent higher than the average state — despite a per capita income that is almost 9 percent lower than the national average.

Our immediate goal should be to get government spending under control and resist tax increases that could further harm economic growth.

During the past decade, a booming economy left government coffers flush with cash, making balancing the budget easy and lending the appearance of fiscal responsibility. But instead of returning more of the money to the taxpayers, politicians in Montpelier were busy passing huge spending programs that are now proving unsustainable.

Now in a floundering economy, the budget is threatened by huge deficits and lawmakers are raiding special funds and cutting programs. If we had planned better for the inevitable downturn by keeping spending increases during the 90s at reasonable levels, we would have more options.

The top priority for the Douglas Administration will be a strong economy and more and better jobs. Increases in government spending must be strictly managed and focused on essential government services and programs that foster economic growth. We should work toward the goal of reducing tax rates to encourage economic growth and allowing workers to keep more of their hard-earned paychecks. Individual prosperity should be our goal.

### GUIDING PRINCIPLES

- ❖ Taxes should be held at the lowest possible level to fund essential government services. Surpluses should be used to supplement rainy day funds and make pro-

growth tax reductions.

- ❖ Vermont's fiscal policy must be stable and sustainable. We must plan for entire economic cycles, which include expansions and contractions. With few exceptions, spending increases should be limited to increases in inflation plus population growth. I will insist on a balanced budget.
- ❖ Vermont must invest in its people and its economy. We must build and maintain highways, bridges, and schools in order to have a transportation network that supports economic activity, and an educated workforce prepared for new opportunities.
- ❖ We must facilitate private investment in other critical infrastructure needs, such as telecommunications and utilities to make Vermont more hospitable for new economy jobs.
- ❖ Borrowing must continue to be carefully managed. Vermonters should be encumbered with debt only for investments that will pay long-term dividends.

#### POLICY COMPONENTS

- **Implement A *Cost Control Council*.** After his first election in the 1970's, Gov. Richard Snelling instituted a *Cost Control Council* to perform a top-to-bottom, in-depth study of government functions and programs so that state government would operate in an efficient manner and take advantage of new technologies. As Governor, I will reconvene The Council with the mission to review each program's objectives, workflows, staffing levels, resource needs and technological opportunities and analyze the best methods of achieving objectives at the lowest possible cost. The State of Vermont has not had a thorough review of its operations in more than 25 years. This review will result in more effective government while saving millions of taxpayer dollars.

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- **Sustainable Spending.** In the last decade, we have seen government spending outpace inflation year after year. When the economy was strong, balanced budgets were easy. But when the economy took a turn for the worse, lawmakers found that they repeated the mistakes of the 1980s when government spending grew out of control and budget deficits put our economy in peril. We need courageous leadership to make the tough decisions in tough times, and resist the urge to overspend during good times. As Governor, I will propose **balanced, responsible budgets** that do not outpace inflation plus population growth except times of emergency.
- **Reform Act 60.** When Act 60 was proposed, Vermonters were told it would lower property taxes and improve student performance. But that did not hap-

pen. Instead, property taxes skyrocketed and there is little evidence of a broad improvement in student performance. Many Vermonters are being forced to sell property just so they can afford the taxes. Education spending must be supported by a block grant that provides a satisfactory level of funding for a first-class education while reducing the reliance on the sharing pool. Act 60 must be simplified and meaningful cost controls adopted to limit the spiraling increases in education spending. Because so much of the cost of education is driven by special education needs, we must demand the federal government pay its promised fair share of these costs, and look at new ways within state government to mitigate these costs.

- **Simplify Vermont's Tax Forms.** The average Vermonter should be able to file their personal income taxes without a tax accountant. Unfortunately, between prebates, rebates, and special tax credits, Vermont income tax booklets have doubled in length — from 40 pages to 80 pages — since Act 60 was adopted. Fewer Vermonters are able to fill out their own tax forms. The resulting tax preparation fees are a hidden cost of government that is imposed on Vermont taxpayers. I will act to simplify our tax system to reduce the complications and frustrations associated with tax season.
- **Eliminate The Diversion Of Transportation Funds.** Transportation Funds must be used to improve our bridges and highways and to provide grants for cities and towns to fund local transportation projects. The most important projects are completion of the Circumferential Highway in Chittenden County, the Bennington Bypass and the Mississquoi Bay Bridge.
- **Continue Bonding For Traditional Long-Term Projects.** Responsible borrowing to maintain and improve infrastructure is a good investment that will pay dividends. Just like you do not pay for a house with cash, but instead get a mortgage, the state should pay for major capital projects through low-interest bonds. As Governor, I will continue bonding for traditional long-term projects at the debt level recommended by the Capital Debt Affordability Advisory Committee.
- **Change The Culture of Government.** As Governor, I will appoint talented, energetic managers to head state government's departments and agencies. These commissioners and secretaries will work with the Cost Control Council to bring best practices from around the country to Vermont government. These managers will work for a more cost-effective government and eliminate unnecessary functions.